

REINVESTMENT DISTRICTS

Prior Law

None.

New Provisions

Municipalities, with approval from the Iowa Economic Development Authority Board ("the Board"), are now authorized to establish Reinvestment Districts and receive remittances of new state sales tax and state hotel and motel tax revenues collected in those Districts to fund projects within the District. New states sales tax revenue is defined as 4/6 of the state sales tax revenue from retailers within the district that receive a sales tax permit on or after the creation of the district. New state hotel and motel tax is defined as the total amount of state hotel and motel tax revenue from establishments within the District that receive a tax permit on or after the creation of the District.

To gain approval from the Board, a municipality must submit a plan proposal to the Board meeting the requirements of the Act. Plan proposals must be submitted to the Board no later than July 1, 2018. The total amount of proposed funding from state sales tax revenue and state hotel and motel tax revenue to be remitted to the municipality may not exceed 35% of the total cost of all the proposed projects in the district plan. The district area must consist of contiguous parcels and must not exceed 25 acres. At least one project in the District must have a capital investment of at least ten million dollars.

The calculation of the new state sales tax and new state hotel motel tax begins on the commencement date of the plan as established by the Board. The commencement date is the first day of the first calendar quarter beginning after either (1) the date that construction of the project with the largest amount of capital investment among all proposed projects within the District is completed; or (2) the date that the project with the largest amount of capital investment becomes operational, whichever is later.

The total aggregate amount of state sales tax and hotel motel tax revenues that may be approved by the board for remittance to all municipalities shall not exceed \$100 million. The length of existence for a Reinvestment District is 20 years after the commencement date.

The Department will calculate the amount of new state sales tax and hotel and motel tax quarterly; administer the Reinvestment District Fund ("the Fund") and the accounts within the Fund for each Reinvestment District; and distribute all moneys within the District account within the fund to the municipality that established the District for deposit in the municipality's reinvestment project fund.

Section Amended_____

2013 Iowa Acts House File 641 creates new chapter 15J, Code Supplement 2013. Section 9 of the Act amends section 432.2, subsection 11, paragraph b, Code 2013, by adding new subparagraph 6. Section 10 amends section 423A.6, unnumbered paragraph 1, Code 2013.

Effective Date_____

July 1, 2013